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ABSTRACT

Research since 1990 on vocational education and training (VET) and small business was reviewed. Special attention was paid to the research that has been conducted in the following categories identified in the Australian National Training Authority (ANTA) Small Business Policy Framework: context; role of government; approach to training; research into delivery models suitable for small business; information and networks; credibility and quality of training; and equity. Selected findings of the review are as follows: (1) since ANTA's establishment in 1992, the government has adopted the role of promoting training and is pushing the training system to make itself more relevant to small business; (2) because the existing research on workplace-based training is inconclusive, more research is needed on the workplace as a learning environment, ways people learn, and evaluation of approaches to learning that are currently being used in small business; (3) although much of the research on information and networks refers to the need to promote a training culture, the questions of which bodies are responsible for this promotion and how it is to be accomplished are never answered clearly; and (4) few studies have been published on training providers' credibility in the eyes of small business operators/owners. (Contains 53 references.) (MN)

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Executive summary

THE AIM OF this paper is to summarise the major research conducted in Australia since 1990 into small business and vocational education and training. Small business is a focus of attention because it accounts for approximately 51 per cent of private sector employees. Yet, the Australian Bureau of Statistics (ABS 1995) reveals that only 18 per cent of small business employers report some training expenditure, compared with 79 per cent of employers who employ 20–99 people and 97 per cent of employers who employ more than 100 people.

This paper summarises research activity under the six headings identified in the Small Business Trai..ng Policy Framework (ANTA 1996): role of government, approach to training, delivery, information and networking, credibility and quality of training and equity.

Role of government

The early part of the 1990s saw a number of major reports commissioned which focussed mainly on management education and training. They looked at topics such as the level of managerial skills of the business owner; the status of small business management education and training; strategies to improve the quality of training undertaken by small business; and the impact of formal education and management training on survival of small business. During this period, discussion started to emerge also about the need for small business employees to receive training.

The strong message that came through these reports is that the training system was failing to meet the needs of small business and the system needed to pay more attention to marketing its products. In addition, there were numerous disincentives or barriers to training faced by small business: cost, location, scheduling, quality and relevance of training and the fact that small business tended to employ people with the skills they needed. By the mid 1990s, there was increasing recognition of the fact that training for small

business was generally informal, conducted on site by experienced workers and included advice provided by accountants and bank managers.

Since the establishment of the Australian National Training Authority in 1992, small business needs have been a priority and a variety of practical measures have been established to encourage small business to participate in accredited training. The government has adopted the role of promoting training and is pushing the training system to make itself more relevant to small business. Further research needs to be done to evaluate the effectiveness of the various schemes and programs which have been set up and to find out if training reform is having an impact on workers in small business.

Approach to training

The ANTA Small Business Training Policy Framework takes the term 'approach to training' to refer to the creating of partnership arrangements between small business clients and training providers and the fact that training providers must make their product relevant to small business and its goals. The main focus of research in this area has been identifying barriers to business being involved in training, identifying the training needs of managers and employees and reporting on case study research of small businesses and the approach to training being taken. The main approach to training in small business would appear to be informal, which is not a component of training reform. Further research could be directed at finding out more about the extent and effectiveness of the widespread informal approach to training and learning in small business and whether the training system is recognising this in the service it is promoting and providing. Moreover, the question could be raised as to whether accredited, structured training is appropriate for small business.

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Delivery modes suitable to small business

The ANTA Small Business Policy Framework emphasises the need for training that is learner centred and directed, as well as being short, sharp, specific and built around team and group learning.

Much of the research with regard to delivery restates the need for training providers to change how they operate. While many writers have described the needs of small business, there is little research reporting on innovative

methods that have delivered what small business wants. A recent development has been research on workplace-based training. However, this research appears inconclusive because it seems that formal workplace training does not sit comfortably with small business. The success of workplace-based delivery can depend on the commitment of players, the ongoing support and the characteristics of the learning environment at work, about which little is known. Further research needs to be conducted into the workplace as a learning environment, how people learn and the evaluation of approaches to learning that are currently being used in small business. There is no published research on assessment practices in small business.

Information and networks

The Small Business Training Policy Framework draws attention to the importance of accessible, timely and relevant information for small business and the need to develop and foster networks.

The research in this area makes reference to the role that business advisors such as accountants and bank officers play in providing information and advice to small business. Research has also lead to pilot projects which establish mentors or networks for certain target groups and report on the success of these approaches. Although much of the research into small business refers to the need to promote a training culture, it is unclear which bodies are responsible for this and what are effective means of providing information about the training system. Little research has been undertaken on the extent to which small business uses networks, which networks are used and what value they provide.

Credibility and quality of training

For small business, credibility of training is tied up closely with the skills and knowledge of the trainer and whether the trainer understands and has experience of small business. Quality refers to the question of relevance and whether training complies with quality assurance systems.

At present, there is considerable research activity taking place in the area of professional development of training providers and models of best practice suited to small business. However, to date, there has been little published research on the credibility of training providers in the eyes of the small

business operator/owner. There is also a lack of evidence about what steps the training system is taking to make sure that training complies with quality assurance systems and meets the needs of small business.

Equity

It is part of the Small Business Policy Framework that training meets the needs of the diverse and multi-cultural small business workforce. To this end, major research has been conducted to find out more about the vocational education and training needs of:

- women in small business
- the small business rural sector
- non-English-speaking small business owners
- people with a disability in small business

There does not appear to be a report on the vocational education and training needs of Aboriginal and Torres Strait Islander people in small business. Further research is also needed to identify the VET needs of part-time and casual workers in small business and the needs of the self-employed and those in family employment.

Context

THIS STOCKTAKE REPORT summarises the published findings of research projects undertaken in the area of small business and vocational education and training in Australia since 1990. It starts with the definition of small business and includes an overview of why this area is an important focus for research activity in VET.

The remainder of the report is devoted to analysing the major areas of research activity in small business and VET and identifying topics which have yet to be addressed. The research activity is summarised under six headings:

- role of government
- approach to training
- delivery modes suitable to small business
- information and networking
- credibility and quality of training
- equity

These six headings represent the key elements of the Small Business Training Policy Framework which the Australian National Training Authority (ANTA) developed in 1996. This framework is a useful tool for categorising types of research identified in the literature reviewed for this report. For convenience, the explanation of each element is included at the beginning of each section.

The purpose of the policy framework was:

> *for the small business sector to take an active partnership role in meeting its training needs and to create an environment in which training and lifelong learning is recognised as being vital to the competitiveness and survival of small business.* (ANTA 1996, p. 5)

Definition of small business

The Australian Bureau of Statistics (ABS) uses the definition of small business first developed in the 1990 report by the House of Representatives Standing Committee on Industry, Science and Technology (known as the Beddall report). This report includes management and organisational characteristics in its definition. Thus, a business is regarded as small if it is independently owned and operated; if it is closely controlled by owners/managers who also contribute most, if not all, of the operating capital; and if the principal decision-making functions rest with the owners/managers. However, superimposed on these characteristics are two additional factors—size and industry type. In terms of size, non-manufacturing industries employing less than 20 employees and manufacturing industries employing less than 100 employees are regarded as small. An exception to this rule is the agricultural industry, because agricultural businesses can have large-scale operations with relatively few permanent employees. The ABS has developed a measure of the Estimated Value of Agricultural Operations (EVAO) based on area of crops sown, number of livestock and crops produced and livestock turnoff (mainly sales) during the year. A small agricultural business is defined as one having an EVAO of between $22 500 and $400 000.

A major sub-set of small business is 'very small business' or 'micro business', which the ABS (1995) defines as those businesses with less than five employees.

Small business statistics

The ABS produced statistics on small business in 1988, 1990, 1993 and 1995. The most recent of these, *Small business in Australia*, describes the small business structure and State distribution of small business. It also provides an overview of very small business and own account workers; and selected statistics on bankruptcies, earnings, labour costs, research and development, innovation and training expenditure. In addition to these reports, the ABS has published *Characteristics of small business in Australia* and *Persons employed at home* (1996a).

The ABS (1995) reported that in 1994–95 there were about 786 000 small non-agricultural businesses in Australia and 95 000 small agricultural businesses. These 881 000 small businesses employ 2.9 million people and account for 97

per cent of all private sector businesses, 51 per cent of all private sector employees and around 33 per cent of Australia's gross domestic product. In the past 10 years, employment in small business has grown at an average annual rate of 3.6 per cent. According to the Department of Industry, Science and Technology (DIST) Annual Review of Small Business (1995), small business employment as a share of total employment (including the public sector) has risen from 39 per cent in 1985–86 to 45 per cent in 1993–94.

Field (1997) points out that females make up a significant proportion of small business employees in many sectors—accommodations, cafés and restaurants; finance and insurance; property and business services; education, health and community services; cultural and recreational services; and personal and other services. He also draws attention to the non-employing sector which constitutes 24 per cent of the total non-agricultural, private sector's small business workforce.

There are three types of people working in small business:

- employers—that is, those working in their own business with employees (ABS 1995, p. 3)
- own account workers—that is, those who operate their own business or engage independently in a profession or trade as a sole proprietor or partner without employees (ABS 1995, p. 57)
- employees

A fundamental set of questions for the VET system is:

- What are the vocational education and training needs of all three types of people working in small business?
- Can the VET system meet these needs?
- How can the VET system meet the needs of businesses that employ less than five people?

In terms of training expenditure, the statistics in the ABS reports (1995) are derived from the 1993 employer training expenditure survey for the private sector. Training expenditure includes wages and salaries and other expenditure on formal training which is defined as 'training activities which have a structured plan and format designed to develop job related skills and competence' (ABS 1995, p. 93).

The statistics on training expenditure reveal that 18 per cent of small business employers report some training expenditure, compared with 79 per cent of employers who employ 20–99 people and 97 per cent of employers who employ more than 100 people. Thus, it appears that 82 per cent of small business which accounts for over 50 per cent of private sector employment does not spend money on training.

Field (1997) points out that this figure could be explained in others ways: small business managers may not report the training they do; they may have a restricted notion of training; or they may not be as good as large business at recording all their training costs.

Field puts forward the following reasons why there is not much training taking place in small business:

- number of low skill firms in the small business sector
- little or no incentive for promotion in-house and therefore incentive to upskill is less
- concept of training used in training studies reflects big business or bureaucratic concepts and assumptions
- small business is less likely to employ young people and more likely to have older employees with reasonable skills already
- many employees are part-time
- large proportion of employees in small business are women who for a variety of reasons have difficulty attending structured training
- a large proportion of the work can be routine
- small business owners may have little interest in expanding their businesses
- employee's attitude and control of cash flow are seen as more significant than skills
- small businesses assume government schemes are an imposition and this may affect their attitude to VET
- some small businesses compete on the basis of low cost and flexibility rather than quality and customer service and these firms may prefer to employ low-skilled casual workers

The challenge for research in VET is to find out more about the people who work in the 82 per cent of small businesses which do not spend money on training: how do they gain their skills and knowledge; how should the training system adapt in order to 'sell' its services to this group; and does it, indeed, need to?

Role of government

ACCORDING TO THE Small Business Training Policy Framework (ANTA 1996), it is the role of government to:

- *develop and promote a culture of lifelong learning across all levels of education and training and involving all industries*
- *encourage small business to invest in training that represents value for money in terms of relevance, approach and delivery methods*
- *establish and maintain, with industry, an appropriate framework for funding to support the provision of training*
- *create an environment with appropriate regulatory and administrative frameworks.* (ANTA 1996, p. 9)

Major reports

Since 1990, the government has commissioned several major reports on small business and these have included sections on training or been devoted entirely to training issues:

- *Small business in Australia: Challenges, problems and opportunities* (the Beddall report 1990)
- *Training for small business* (Employment and Skills Formation Council 1990)
- *Small business review* (Bureau of Industry Economics 1991a)
- *The shape of things to come: Small business employment and skills* and three supplementary reports on women in small business, rural communities and disabled people and small business (Employment and Skills Formation Council 1994a)

All these reports focus on the issue of skill development as one way of improving performance and promoting growth in small business. They also include recommendations about how better to meet the training needs of those in small business.

The Beddall report was the first inquiry into small business undertaken by a Federal Parliamentary Committee. It covered a wide range of issues including regulation review, taxation reform, trade practices and management education and training. The report noted that the lack of managerial skill of the owner/manager was a major factor in inhibiting the success of small business. This report put forward four recommendations related to management education and training:

- Small business management education should be established as part of the curriculum for secondary education and apprentice training.
- State small business development agencies should liaise with industry trade and professional associations to develop industry-specific management education and training.
- National small business information and awareness programs should expand the program of integrating small business advisory services with private sector agencies more regularly in contact with small business.
- Approved training funds should include provision for training needs of the self-employed and employees in small business.

The research reported in the Employment and Skill Formation Council (ESFC) report (1990), *Training for small business*, supported the conclusions which the Beddall report made regarding small business management education and training. In addition, it sought to provide advice regarding strategies to improve the quality of training undertaken by small business. This report drew attention to:

- the importance of training and its contribution to small business success
- the failure of the training system to meet small business needs, noting that it was more suited to meeting the needs of larger enterprises
- the need for small business employees to receive training
- the need to recognise that skills in small businesses are developed informally
- the need to strengthen the existing business development networks used by small businesses

The Bureau of Industry Economics (BIE) (1991a) undertook research to determine:

- the impact of formal education and management training on survival of small business
- the current state of small business training in Australia
- the policy options for small business management training
- employee training

The BIE found that:

- Suppliers of training needed to pay more attention to marketing their products.

  The recurring theme is the need for small business management training to be market driven—to understand and meet the needs and preferences of its potential clients. (BIE 1991a, p. xix)

- Suppliers of training had to meet the need for professional trainers and consider carefully the question of cost, venue, industry needs, training methods and scheduling of training.

  Suppliers must more accurately understand the driving force in all small firms (owner/manager), the small firm itself and its training needs and act upon such matters as trainer competence, training methods, location, timing and price in marketing their products. (BIE 1991a, p. 70)

- Accountants and bank managers are the sources of advice most sought after by small business managers/owners.

- Managers with more extensive technical education and those with business/management education are more likely to have small businesses that survive.
- Small businesses tended to provide significantly less formal training than large businesses. The BIE hypothesised that small firms may be compensating for this by providing large amounts of informal training. However, the BIE was not able to find evidence to support this hypothesis.
- The disincentives to training in small business included cost of training, quality and relevance of training offered to them, ease of recruiting people with requisite skills and the fact that many employees were not full-time or permanent.

As will be seen throughout this paper, these findings have subsequently been repeated in a number of later research reports.

The ESFC (1994a) report, *The shape of things to come*, focussed on a broad approach to skills development, including diagnostic services, advising, mentoring, business development and education and training. The distinctive feature of this report was that it conducted research into small business and how this sector could lead to employment growth.

In addition to these studies, there have been major reports on management skills in general *Australian mission on management skills* (1991) and *Enterprising nation* (Industry Taskforce on Leadership and Management Skills 1995), known as the Karpin report 1995. These provided research into community attitudes to small business; a review of training needs of small business; a review of training evaluation and effectiveness; the effectiveness of small business training programs; and evaluation of network approaches to small business training and development.

The federal government has responded to the concerns of the small business community by establishing the Small Business Deregulation Task Force, which has produced its report *Time for business* (1996). This report makes recommendations about how to reduce the paperwork and compliance burden imposed by governments on small business.

Practical measures to make entry-level training easier for small business

Through the Australian National Training Authority (ANTA), small business Nettforce companies have been set up. In addition, group training companies —which allow small business to participate in the training of apprentices and trainees while not incurring the full costs of direct employment—have been supported and expanded. In one of its appendices, the ESFC (1994a) lists the full range of government programs of relevance to small business including those funded by the Department of Industry, Science and Tourism (for example, the NIES, Enterprise network programs, State and Territory small business advisory services and Business Enterprise Centres). It also includes the Australian National Training Authority and Department of Employment,

Education and Training (for example, community-based programs, enterprise-based programs and labour market programs).

In May 1997, the Minister for Schools, Vocational Education and Training announced that the government would pilot 18 one-stop apprenticeship shops which will handle all training arrangements for employers for free. These shops will make it easier and faster for an employer to take on apprentices and trainees and for a young person to gain an apprenticeship, particularly in the high technology industries. These companies are to be managed by industry and will combine the expertise and efforts of business groups, employers, the Chamber of Commerce and training departments in the States/Territories. There are plans to evaluate the pilot shops within six months.

ANTA's reaction to small business

The Australian National Training Authority has identified small business and vocational education and training as one its research priorities since 1994. In addition, ANTA makes it a requirement that each industry and State training profile includes a section addressing small business training needs and arrangements.

ANTA has held three national forums on small business training issues in 1995–96 and is shortly to release its strategy for small business vocational education and training. After its second forum in July 1996, ANTA published a small business training policy framework which is the basis for the National Small Business Strategy.

In 1996, ANTA introduced an award for 'small business of the year' in recognition of excellence in commitment to training and development of the workforce.

Developments in the State/Territories

With regard to individual States/Territories, there are small business advisory services and 'business in the community' enterprise centres in each of the States and Territories. In addition, in 1997 Queensland established at 13-

member committee to advise the government on small business training needs and to encourage the development of a training culture within the sector.

Further research

The government has played a significant role in researching small business and management education and training and in setting up schemes to encourage small business to take on trainees. However, there is a need to continue to evaluate the effectiveness of these programs and schemes. Are they meeting the needs of small business? Is small business responding? Is small business becoming better managed and employing more people? Are small business owners and employees using the new skills and acquired knowledge they gained in training and is the business benefitting?

Furthermore, is small business training market driven? Are training providers using competency standards and flexible delivery approaches to better meet the needs of small business?

One research topic suggested by Callus (1994) that relates to the role of government is to find out the application and relevance of the training reform agenda to workers in small business.

Field (1997) undertook an exploratory investigation into training and learning in small business. He makes the point that 'very little of the learning that occurs in small business results from structured training' (p. 2).

Field argues that finding out more about how small business trains and learns is crucial not only for small but also for large business. He believes that many large but non-traditional organisations in turbulent environments have tried hard in recent years to become more like small business. He feels that training reform has concentrated on meeting the needs of large traditional organisations in stable environments:

> *Few small businesses have specific budget allocations for training, and many regard both the national training agenda and external training programs as irrelevant.* (Field 1997, p. 7)

Field states: 'we feel that research should challenge the conclusion that if not much training is happending in small business . . . then there is not much learning either' (p. 12).

Another area of research focussing on the role of government looks at the practical steps required to create and promote a culture of lifelong learning in small business where the main concern of the owner is to make a living.

In his research on the value for small to medium-sized enterprise owners of investing in staff training, Catts (1996) recommended that there is a role for government in promoting the notion of the training culture in small enterprises. This could be achieved through providing them with an initial consultancy service, which would offer needs analysis and a limited initial training service for firms seeking to trial the use of training to upskill existing staff. This may mean identifying best practice in informal training and drawing lessons from this.

It will also be important to investigate other funding and administrative arrangements that would make the training system better able to respond to the needs of small business.

Approach to training

According to the Small Business Training Policy Framework (ANTA 1996):

> *Small business training in VET will build on and extend creative client provider partnerships.*
>
> *Small business can select an approach to training that is relevant to their skill needs and targetted at identified needs in relation to short, medium, and long term goals. Training will be cost and time efficient, engender business confidence and make use of VET initiatives such as flexible delivery and user choice.* (ANTA 1996, p. 7)

In terms of an approach to training that suits small business, considerable research activity has been devoted to identifying and noting the barriers/disincentives to small business being involved in training (Bureau of Industry Economics 1991a, 1991b; Coopers & Lybrand 1994; Industry Taskforce on Leadership and Management Skills 1995 [known as the Karpin report]; Baker & Wooden 1995). There has also been research conducted into training needs of managers, summarised in the Karpin report (1995) and, more recently, some research activity has been devoted to the training needs of employees. Much of the research restates the needs of small business regarding the approach to training but there is no research on the extent to which training providers are delivering what small business wants. Underpinning any approach to training is the need to understand and take account of the diverse nature and scale of small business operations.

Barriers

In 1991, the Bureau of Industry Economics noted that there were two types of barriers to small business training: a lack of awareness by small business of the benefits to be derived from training; and inadequate provision of training which small business operators would choose to undertake.

On the demand side, disincentives identified by the Bureau of Industry Economics include:

- cost
- concerns about quality and relevance
- lack of knowledge of training availability
- ease of recruitment of people with relevant skills
- modest skill requirements
- a large proportion of the workforce which is not employed on a full-time permanent basis

The 1994 Coopers and Lybrand report suggested that small business experienced both conscious barriers and unconscious barriers to training. The conscious barriers related to the perception by small business that training is not relevant, too theoretical and not industry specific; the unconscious barriers included the attitude that training is not valuable and does not provide benefits to small business.

The Karpin report (1995) provided an overview of literature since the 1980s, describing why small business is resistant to training and the failure of training providers to meet its needs. Amongst the reasons were the fact that training programs were too general and not targetted to small business needs, small business lacked conviction that training was useful, and the usual issues of time, quality of training and cost.

- There is a concentration of low skill jobs in small firms.
- Informal methods of training are the most predominant method of training in all firms, irrespective of their size.
- While small and medium-sized enterprises (SMEs) are less likely to provide formal training, of those that do, external training is favoured (particularly TAFE sector training) over in-house training.
- SMEs are more likely to have individuals with requisite skills rather than train existing staff.
- SMEs tend to use informal methods to determine the training needs of their staff—usually the manager/proprietor decides what these are.

- The main factors which cause small firms to provide less formal training than large firms are:
  - greater concentration of jobs with low skill requirements within small business sector
  - importance of economies of scale in provision of formal training
  - small firms rely more heavily on external training which is likely to be more general and portable than in-house training and small firms are less likely to bear its cost
  - greater likelihood of business failure and lack of extensive internal labour markets in small business reduce the incentive to invest in formal training
- Time and cost are more likely to be cited by small firms as factors which limit the provision of formal training.

Baker and Wooden (1995) suggest that the focus on formal, structured and accredited training is misdirected from the point of view of small business. They also suggest that since TAFE is the most important provider for this sector, it should improve and increasingly focus on the needs of these clients in the provision of VET. TAFE needs to consider issues of access and client satisfaction and relevance among this group.

Research undertaken by Robertson and Stuart (1996) sought to investigate further why small business owners provide less training than large businesses. They found that small business focusses on short time horizons and does not have the flexibility afforded by larger budgets. In addition, small business owners do not have the time to analyse training needs and provide on-the-job supervision. Robertson and Stuart (1996) conclude that the training system must modify how it operates if it is to better meet the needs of small business. This observation about the need for the training system to be more market driven has also been put forward by the ESFC (1990), Bureau of Industry Economics (1991a), Coopers and Lybrand (1994), Worsnop (1994), the Karpin report (1995) and Cullen (1995).

Understanding the diverse nature and scale of small business

The Beddall report (1990) noted the lack of managerial skills of owner/managers in small business and suggested this was a major factor in inhibiting its success. Success was taken to refer to a small business' capacity to grow, expand and take on additional employees.

Indeed, the recent push to entice small business into vocational education and training is built on the premise that future job growth will come from this sector. What needs to be examined, however, is how many small businesses expand. Should we be finding out what type of small business owner aims to grow and take on an employee and then promoting and marketing the advantages of training to such owners? There will always be a percentage of small businesses with no plans for expansion and who are content with the way their business operates (Still 1994). These businesses, too, are successful in that they meet their owner's needs.

One suggestion of how to better meet the needs of small business clients is to tailor programs according to their stage of development: The six stages referred to by Coopers and Lybrand (in the Karpin report) are:

- business intenders who may start a business but who are not actively pursing a goal
- business intenders who have a business ideas, some ability, motivation and resources
- micro-businesses with less than five employees
- business survivors–less than three years old and operating at near or break-even
- first-stage growth businesses—manufacturing businesses employing 5–50 employees or service/construction firms employing 5–10 employees which are still under direct control of the owner, have limited product range and are growing
- second-stage growth businesses which have more formal extensive management structures and are entering new markets and developing new products

This report makes the observation that much small business training is completed as a reaction to declining business performance, whereas the researchers believe that small business should have a positive desire for continuous improvement.

Field (1997) also makes reference to the importance of which stage of development a small business is at and he makes the point that 'some of the central learning issues for small business relate to survival, adaptation and growth after a period of time' (p. 6).

A competency standards body for small business management was established in 1992. Standards were published in 1993 and then reviewed and republished in 1995. The competency standards are generic and cover functions and activities involved in successfully managing a small business and are designed to apply to businesses operating in any industry sector. The key areas they cover are evaluating a business opportunity, completing a business plan, addressing legal and administrative requirements, addressing customer requirements, managing business operations, managing self and staff, managing finances and reviewing business. The application guide for the competency standards (Small Business Management Competency Standards Body 1995) makes a point of noting that small businesses vary widely in their scope of operations; for example:

- their market focus can be local or export oriented
- their finance requirements can be limited and basic or extensive and sophisticated
- documentation requirements can be minimal or extensive and rigorous
- employment in a small business can refer to self-employment or employment of a number of staff up to 20
- functions in a small business can be performed entirely by the owner/manager or shared amongst a number of staff
- technological requirements can be simple or complex

Small business, then, is a challenge for the training community because it encompasses such broad parameters. While there are clear definitions of small business, the range of operations and scope of activity mean there cannot be one profile or template that fits all.

In 1990, the ESFC put forward its view on what should underpin small business training policy development. The conclusions reached in the ESFC report have been repeated, in part, in subsequent reports such as Coopers and Lybrand 1994, the Karpin report 1995, Cullen 1995, Baker and Wooden 1995, and Better Business Centre 1996. The approach to training described by the ESFC is as relevant today as it was in 1990 and many of the conclusions have yet to be dealt with:

- The need for TAFE and higher education to focus on small business training, not just enterprise skills.
- The need for the training system to offer a broader and more accessible range of courses that focus on survival and growth of the business and meet the needs of small business in terms of content and presentation style.
- The fact that training in small business has been aimed at managers and owners and not at small business employees:

  workers in small business need to progress beyond a grasp of the technical skills required by the firm to a broader understanding of the commercial, marketing and customer service function which, in larger enterprises, would typically be handled by specialised departments of the firm. (ESFC 1990, p. 75)

- The fact that much of the skill formation in small business is provided informally and occurs within the workplace and this needs to be recognised. This, in turn, means that there is a greater need for flexibility in methods of assessing and recognising vocational training and learning.
- The fact that small businesses are customers and suppliers to each other as well as to large enterprises. This interdependence has potential for skills development for small business. There is a need to:

  highlight the importance of seeing industry development and skill formation and training for small business within a common framework and of taking a broader view than has hitherto been the case of the provision of what has conventionally been referred to as small business training. (ESFC 1990, p. 76)

- It should be a goal of future policy to strengthen existing business development networks used by small business and to extend the range of intermediary bodies to act as training brokers who can assist this sector in meeting its training needs. Again to quote:

networks of businesses will need to work with training providers to develop programs suitable for the needs of that particular sector, in that particular geographic region. (ESFC 1990, p. 77)

Further research related to the training needs of small business includes studies which identify and list the training needs of artists (Sylow 1992), of ethnic small business (University of Technology 1996), of remote and rural communities and of specific industries like printing tradespeople (Shetewi 1993) and transport (Mychaljlyk 1993; Wilson 1994). Specific projects such as these as well as the work that has gone into the development of national industry competency standards would suggest that there is sufficient information about the skills and knowledge needed by specific sectors of industry. The challenge remaining is how to make training relevant, accessible, sufficiently focussed and seen as necessary and desirable by small business.

Case study research into small business training has been undertaken to document training approaches adopted by specific enterprises in specific industries. This type of research provides a counter balance to all those reports that concentrate on describing what approaches to training should be taking place. Noble (1994) conducted a survey of firms in the Albury Wodonga region to identify how small firms identified training needs, how they planned training programs, who participated and how delivery was monitored. Noble noted that small firms emphasised on-the-job delivery that produced immediate benefits. Curtain (1995) concentrates on small leading-edge enterprises and describes the workforce profile, technology used, skill formation policies, training arrangements, links between skill formation and research and development, and attitudes towards youth as employees. Across all 12 case studies in the Curtain study, the most common method of learning new skills was informal on-the-job learning and task rotation supplemented, in some cases, with external training.

Field (1997) also undertook case study research and found that the small business in his case study group valued highly the learning they gained from suppliers, business partners, customers, other members of industry associations and sub-contractors.

Training needs of employees

According to the BIE (1991b), training of employees in small business is low due to the under-development of managerial skills of small business owners/managers. Coopers and Lybrand (1994) conducted research into small business training practices and preferences and found the employers were more interested in employees' attitudes, rather than their skills and knowledge. In addition, they relied on skills in the market rather than external training as a way of gaining new skills.

An investigation of the training needs of employees in small business overlaps with the issue of barriers to training. Coopers and Lybrand (in the Karpin report, 1995) noted that while much research has been devoted to training needs from the perspective of the owner/manager, there has been little on the needs of employees. Callus (1994) also expresses a concern that the two million or so non-managerial employees are being forgotten in the training and education reforms and initiatives that are being developed. Callus states that there is no evidence to demonstrate employees have been effectively trained for their varied tasks and that employees may well have a range of skills not being fully utilised.

Employees in small businesses are often family members, who tend to be employed on a part-time and casual basis and have lower levels of formal education. Gallagher (1991) argues that the low levels of formal structured training in small business are due to the types of employees hired by small firms (the large number of women, part-time, casual workers and young workers) and the fact that turnover of employees tends to be high.

Robertson and Stuart (1996) found that small business managers are the major decision-makers in how much training is provided for their employees. They do not have the time to analyse training needs and manage the business while their employees undertake training and find it difficult to provide on-the-job supervision to these employees. This observation was also noted by Baker and Wooden (1995), who stated that 'small business managers have a weak training capability'.

The BIE (1991a) suggests that although employees in small firms were not undertaking much formal training, perhaps there was a large amount of informal training taking place. This could involve asking questions of co-

workers, watching others work and being shown how to do the job. While studies like Curtain (1995) and Noble (1994) show that small business says its main method of skills formation is informal learning on the job, there is no information on the extent of informal training taking place.

BIE (1991a) states:

> *the substantial pools of employees in small businesses who receive little or no formal training provide a strong reason for giving the resolution of this issue high priority in the 1990s.* (p. 125)

As we approach the end of the decade, the existing body of research does not report on whether this issue is being resolved. However, as noted earlier, there have been many practical steps taken by government to encourage small business to take on trainees and encourage existing workers to undertake traineeships. The evaluation of these programs may provide the answer.

Further research

A number of researchers have put forward ideas for further research into the approach to training that best suits small business:

- research into skill needs in very small firms (employing less than five employees): ESFC 1994a, issues paper quoted in Roffey et al. (1996)
- whether the effectiveness of different types of training varies according to firm size: Baker and Wooden (1995)
- training needs of established businesses with growth potential: Coopers and Lybrand in the Karpin report (1995)
- research to highlight the important training issues associated with the various growth phases of a small business: Still (1994)
- the approach taken to training decision-making in small to medium enterprises: Baker and Wooden (1995)
- how training practices and structures differ and which factors were most important in influencing the provision of training in small to medium enterprises: Baker and Wooden (1995)
- how small business owners identify training needs: Coopers and Lybrand in the Karpin report (1995)

- what alternative processes are used in place of formal training: Coopers and Lybrand in the Karpin report (1995)
- the nature and effectiveness of informal and self-funded training in small business: Callus (1994)
- evaluation of small business understanding of current initiatives in training: Callus (1994)
- research into the learning that takes place within the organisation as it passes through different stages of development and during takeovers or changes in management: Field (1997)
- research into the influence of enterprise context on learning: whether and why knowledge and skill are valued, how they are utilised in the business and how learning is transferred between individuals and systems within and external to the firm: Field (1997)

Other gaps in research that should be investigated include:

- The training needs of employees in small business, including part-time, casual, contract.
- The evaluation of training conducted in small business in terms of benefit to the business and how it operates.
- Whether the VET sector has responded to research that indicates small business is not looking for external training, but to establish a relationship with training providers who can offer a package of services that includes short, focussed, mentored learning experiences as well as advice and counselling.

- Whether the training system can play a role in meeting the small business preference for training that is not accredited.
- What is a suitable training infrastructure for small business.
- What has been the response to the competency standards—have they penetrated the market and are they being used widely? (The other set of cross industry standards, those for workplace assessors and trainers, have been widely promoted.)
- What has the response been to the small business training programs that have been developed?
- What is the contribution of informal on-the-job learning?

There have been many developments in terms of small business training programs and management training programs, RPL procedures, workplace-based delivery and Nettforce traineeships. However, there appears to be little research into how much of this has actually lead to more training taking place in small business, or into the benefit of the skills and knowledge gained.

Research into delivery modes suitable for small business

THE ANTA SMALL Business Training Policy Framework states:

> *Small business will be able to select a delivery method that caters for the learning needs of people in small business, such as small group discussions, workshops and personnel counselling, independent self-directed learning, experiential and action learning—which incorporates informal learning and self delivery.*
>
> *Learning strategies employed in the provision of training for small business will cater for the diversity of preferred learning styles. Processes used by training providers, including small business operators themselves, will be congruent with the learning preferences of small business participants. The strategies will focus on providing training that is:*
>
> - *learner centred and directed*
> - *short, sharp, specific rather than general and theoretical*
> - *built around use of team and group learning and problem solving related to practical issues in the workplace*
> - *short, medium and long term as required by small business*
>
> *The effectiveness of small business training is to be measured by the assessment of outcomes.* (ANTA 1996, pp. 7–8)

Need for providers to change how they operate

In 1991, Ernst and Young advocated that training programs be 'short, sharp and focussed'. In fact, almost all the reports mentioned in this stocktake make some reference to the preferred content, mode of delivery, timing and duration, venue and location of training.

There is much research on delivery modes and flexible delivery and it is beyond the scope of this paper to report on these. However, small businesses account for 97 per cent of all private sector businesses. Because of this,

training providers and those who develop learning resources and professional development materials for workplace trainers should take account of the needs and preferences of small business. This is particularly important when models of delivery and flexible strategies for delivering and assessing training are being developed.

Cullen (1995) suggests that the system should:

> *abandon the restrictive practices of public providers—for example minimum class sizes, minimum student-teacher ratios, times and places of delivery course structure, delivery modes.* (Cullen 1995, p. 25)

The Better Business Centre (1996) and Robertson and Stuart (1996) also make the point that the training system has to change and provide a different range of services to small business. These reports echo the views of the BIE (1991) research. Despite the rhetoric about flexibility, such research indicates that the needs of small business are not being met in terms of approach or delivery. Perhaps they cannot be met within the current funding and administrative structures.

Coopers and Lybrand (in the Karpin report, 1995) observe that small business has a preference for training in small groups 'with instructors who have an applied knowledge of the subject matter and a flexible attitude' (p. 320) and that this preference is well-documented. Furthermore, small business wants action-based training which allows the trainer to have an advisory relationship with participants. Small business also wants ongoing counselling or support.

In its report on women in small business, the ESFC (1994b) notes that women employees in small business are traditionally employed less than full time and have limited access to training. Therefore, options for this group should include: distance learning, with on-job practice of skills; combinations of on- and off-the-job training supplemented by telephone training and advisory support; and open learning including videos, cassettes and local short seminars promoted through networks of small business and women's groups. Still (1994) observes that one of the dilemmas that is yet to be resolved relates to delivery—how to provide training in an appropriate form given that the majority of the sector is self-employed, isolated, works long hours and cannot afford time away from the business.

Research into the training needs of home-based, self-employed and small business people (Outer Eastern College of TAFE 1993) resulted in a model of delivery being developed which used a combination of videos, issues-based workshops and telephone links with mentors and peer group.

Field (1997) makes the point that: 'the generally ad hoc, on-the-job, flexible approach to supporting learning found in small business may actually be its strength rather than weakness' (p. 11).

Field believes that the word 'delivery' is interpreted narrowly in the training world. He points out that at the level of the individual employee, the range of learning activities includes:

- discussion with product representatives
- supplier-run seminars
- working on other job areas
- doing innovative projects
- helping other staff learn to use computers
- participating in review meetings
- one-to-one coaching
- asking questions
- experimenting
- watching someone more experienced

Field also states that the VET sector sees a change in approaches to delivery as the way to make training more attractive to small business and therefore to increase the demand for training. He feels that future research should be undertaken to challenge this view. He offers a number of reasons for his views—including his belief that there is under-recognition of the amount of learning that occurs in small business.

Workplace-based training

Workplace-based training or on-the-job training has been defined as 'the formation of skills, knowledge and attitudes which occurred in the trainee's normal workplace' (Clarke 1991, quoted in Robertson 1996). Billet (1993)

defines workplace learning as the acquisition of knowledge and skills. Individuals participate in authentic vocational tasks, supported and guided directly or indirectly by more experienced workers. These workers demonstrate, coach, support the learner in the workplace and thereby gradually encourage autonomy.

Robertson (1996) pointed out that this kind of training could occur on a continuum from highly structured to informal programs with or without the support of a trainer, training materials or training technology.

Robertson (1996) identified and recorded employer perceptions of the effectiveness of workplace-based training in small business enterprises in which significant and structured workplace-based training was occurring.

For this study, small business was considered as a business employing no more than 10 staff.

Robertson's findings repeated those of Baker and Wooden (1995), namely:

- small businesses were more likely to have employees who possessed the required skills than those who required training
- small businesses therefore provide less formal training
- informal training was the predominant method of training in these enterprises
- small businesses preferred external to in-house training
- there are no workplace-based training courses in enterprises with less than 11 employees
- less than 5 per cent of training was workplace based in enterprises of 11–20 employees

Robertson found that there were few programs in small business which were structured to include documented workplace supervisor roles or structured and documented workplace training and or assessment. Robertson had difficulty finding workplace-based training programs in small business enterprises of no more than 10 employees where the training occurred as a joint venture between TAFE and industry; where industry-based training made up at least 20 per cent of the overall program; and where industry-based training was both structured and integral to the program. Ultimately, he found three such programs.

Employers associated with these three programs identified the following factors as contributing to success:

- programs specifically designed so they can be assimilated into the particular industry
- students need adequate time off the job to complete their study
- college tutors need to be clearly identified
- contacts and procedures to be followed when there are difficulties in workplace-based training programs should be clearly documented
- course content relevant to the industry
- training needs to provide authentic activities
- trainees to monitor own progress
- assessment requirements clearly documented
- preparing all staff for the arrival of the trainee
- trainees to be oriented to expectations of workplace-based training
- supervisors to receive some reward for participation—this may be in time release rather than payment
- supervisors need to be clearly identified as a point of contact for trainees
- supervisors need adequate time and relevant skills to train and assess
- workplace supervisor training needs to orient supervisors to their role
- workplace supervisor training needs to be short, effective and efficient

In his study on the tourism and hospitality sectors, Stevenson (1996) observes that the workplace plays an essential role in expressing key competencies and making them meaningful. He also shows that learning in the workplace is more clearly defined, more collaborative and more innovative than formal classroom training, yet provides less support and less independence to learners. Stevenson states that there are ethical questions to be considered when embedding learning in the workplace.

The implication of these observations is that providers need to understand fully what sort of learning environment there is at work when designing learning packages for use in this environment.

Catts (1996) undertook a research project to seek evidence of the value to small and medium-sized enterprise owners of investing in staff training. He also sought to identify and describe conditions under which a return on investment could be demonstrated. Catts used case studies of four small retail businesses within provincial cities in Queensland and concentrated on customer service training.

Across the four case studies, he found that success of structured skills training in small business depended on the commitment of the principal players and provision of ongoing support rather than quality of actual training provided.

This finding has important implications for how training programs and pilot studies are evaluated. Too often, the evaluation concentrates on the quality of the training rather than looking at the conditions within the enterprise that will ensure the training has a longer-term benefit.

Catts also found that small firms need separate attention to be successfully inducted into structured training. These firms rarely have an established training culture and their managers and owners do not generally have the skills or knowledge to manage and drive training. Thus, there is a need for facilitators to establish a training culture, conduct a needs analysis, monitor training delivery and evaluate the effects of training. In this case, it was provided by group training companies or the development officer at the Chamber of Commerce.

A broader role for the provider is gradually being acknowledged in recent small business reports and resources. The Better Business Centre (1996) developed strategies to enable providers to better meet the needs of small business based on their research and identification of best practice examples. Sweet (1996) has developed a framework for providers, giving them strategies to use when assisting small business to develop structured in-house training programs. Sweet states that it is now the business of TAFE staff to assist small business to research and develop enterprise-specific training programs aligned with the Australian Qualifications Framework and delivered in the workplace.

Further research

The dominant theme of all these investigations is that it is clear what type of delivery small business wants but the training system has not found a way to

deliver this consistently. Before the training system can meet the needs of this market, it needs more information about small business and how skills are gained informally. This has lead to researchers suggesting the following areas of research:

- the workplace as a learning environment: Stevenson (1996)
- interaction between training, technology and firm size: Baker and Wooden (1995)
- what new learning and information transfer methods would suit small business: Coopers and Lybrand in the Karpin report (1995)
- how people learn in the workplace: Sweet (1994), Linke (1994)
- whether small business evaluates the effects of training—training may be having a greater result than employers believe: Callus (1994)
- in-depth study of training and learning in small business where learning is self-directed, experimental and action oriented: Field (1997)

Other questions raised by the research into small business and delivery of training

- Have innovative delivery and assessment approaches been used to make these programs attractive to the target groups?
- What are the assessment practices of small business?
- What is being done to help and encourage employers and supervisors in small business who take on trainees to provide training on the job?
- In what way are small businesses benefitting from the skills and knowledge gained by those who undertook the training programs?
- Do short, sharp training programs offered for small businesses result in them coming back for more training and, ultimately, for accredited training?
- How can current funding and administrative structures be changed so as better to meet the delivery approaches and modes preferred by small business?

Information and networks

WITH REGARD TO information and networks, the ANTA Small Business Training Policy Framework states:

> *Small business needs to be able to readily access information which is clear, concise and targetted to their needs. This information should be accessible, timely and relevant.*
>
> *Networks need to be developed and extended to foster and encourage:*
>
> - *mutual support and information sharing, which links training matters with broader small business issues, utilising existing small business associations as appropriate*
> - *maximising the value of existing resources through networks of providers, include TAFE/Group Training Australia/Skill Centres/ Small Business Centres/private providers and of organisations such as ITABs and Industry Training Companies*
> - *promoting the benefits and value of training and the linking of delivery of training to industry requirements.* (ANTA 1996, p. 6)

Information

The National Forum on Small Business Training Issues identified industry training advisory bodies (ITABs) as playing a key role in disseminating information to small business. ITABs need to market their services to small businesses in their industry and to gather information from them directly about their training needs. The forum acknowledged that selecting the appropriate way to communicate information about VET to small business was important. It also stated that small business operators respond best to the personal approach and that one-stop-shops for information such as council or chambers of commerce would be useful for regional and rural business operators.

The Beddall report (1990) makes a recommendation that those who provide financial advice to small business such as accountants and bank managers

should increase their awareness of available training courses and opportunities and thus improve their capacity to give advice on the linking of business and skill development. This observation about the importance of advisors, such as accountants was also made by Bureau of Industry Economics (1991a, b), ESFC (1994a, b), Coopers and Lybrand (in the Karpin report 1995) the ABS (1996a Cat No. 8127), Roffey et al. (1996), and McInnes and Stanger (1996).

The literature is unclear as to whether financial advisors have acted on these observations. However, a recent project was commissioned by the CPA to identify the additional competencies needed by accountants to give advice and support to small business.

Furthermore, the ESFC (1994a) states that the professional service provided by advisors such as accountants has a potentially valuable role to play in assisting small businesses to focus on business performance. In addition, it can provide an avenue for advice and training. Still (1994) found that women favour coaches or advisors who visit the business and assist them with day-to-day operational and longer-strategic needs. These observations about the importance of linking training to performance and strategic planning, business advisors and mentoring have led to some projects being funded to pilot such approaches (Outer Eastern Business Network as reported by the Karpin report (1995) and the State and Regional Development NSW (1996) Business Mentor Program which is continuing in 1997 under licence through the Australian Institute of Management).

Networks

Networks are described by the Karpin report (1995) as providing a 'process of information exchange, communication, workshops and business development programs'. As a result of research into networks, Coopers and Lybrand noted the growing interest in the usefulness of networks as a tool within small business. They act as an effective surrogate to formal training processes which are not widely regarded by small firm owners/managers' (p. 919). The ESFC (1994a, b), Roffey et al. (1996) and McInnes and Stanger (1996) draw attention to the value of networks and the role they play in development and acquisition of skills by small business and women in small business in particular. The role of mentoring and networks is acknowledged and highlighted in numerous research reports. However, there has been little

published, beyond the pilot reports mentioned earlier, on actual practice and how the VET training system can build on or integrate networking and mentoring into the training service it offers to small business.

Further research

With regard to research gaps in the area of information, Callus (1994) suggests the following as priorities:

- how employers make the training decision and who gets training
- investigation of whether skilled workers are under-utilised in small business
- employers' awareness of available training programs and government programs

Information like this could help training providers market the package of services they have to offer small business and could help them promote the benefits of training.

Baker and Wooden (1995) suggest further research into whether the poor attitude of small business managers underlies their relatively low level of formal training provision.

Field suggests that:

> *research into training and learning within the small business sector needs to look not only at learning within the firm and co-operative arrangements between the VET sector and the firm but also learning between firms and their operating environments (which include customers, suppliers, business partners and allies, other members of industry associations and subcontractors).*
>
> (Field 1997, p. 16)

Other gaps in research relate to the role and consultation practices of ITABs:

- Are ITABs reaching and disseminating information to small business and encouraging them to take part in training?
- How best can ITABs consult with and support small business?

With regard to research gaps in the area of networking, Coopers and Lybrand (in the Karpin report, 1995) question the impact and potential of networks,

support groups, action-learning techniques and use of private sector agents such as banks and accountants in small business training.

Other gaps resulting from a review of the literature include:

- Whether networks do play a role in VET practices in small firms.
- Whether accountants and other business advisors are expanding their advisor role to include advice on skill development and training options.
- How much accountants and other business advisors know about the training system and training options which are available to small business.
- How much actual mentoring goes on in small business and how much advice is sought from business advisors.

Credibility and quality of training

THE WORDING OF the ANTA Small Business Training Policy Framework with regard to credibility and quality of training is:

> *Credibility of training for small business clients will be enhanced by ensuring the currency and competency of trainers, both public and private.*
>
> *Small business training will comply with appropriate quality assurance systems.* (ANTA 1996, p. 8)

This issue refers to whether trainers involved in small business training have enough relevant experience to be credible to small business operators. Quality, as it is used here, refers to the fact that training should be relevant, flexible and aim at the pursuit of excellence.

Professional development for training providers

Since the development of the Australian Vocational Training System (AVTS), the Commonwealth has directed funds nationally for professional development of training providers and enterprise trainers to prepare them for the implementation of the AVTS.

The adoption of a competency-based approach to training and the focus on industry needs means that training providers have had to incorporate work-based learning into the collection of methods, approaches and tools they use to deliver training effectively to target groups. In 1992, the TAFE National Staff Development Committee commissioned research involving case studies and documenting the implications of work-based learning. Subsequently, the National Staff Development Committee of the Australian National Training Authority published a discussion paper in 1995 putting forward a work-based learning model for national staff development.

Recent professional development funding under the Australian Vocational Training System Professional Development (best practice) program has been directed specifically at small business and is to develop small business best practice professional development models. The program started in 1995 with an allocation of $500 000 and this was increased to 1.85 million in 1996–97. So far one report has been published (AVTS Professional Development Program, Tasmania 1996). However, there is considerable research activity taking place, with publications expected mid-late 1997.

The Department of Vocational Education and Training (DEVET) in Tasmania (1996) focussed on the development of workplace assessor networks for small enterprises in furnishing, automotive and hospitality industries. This project has had a number of outcomes. It has created a workplace assessor network in target industries, facilitated partnerships between training providers and small business and encouraged training providers to use good practice principles when providing workplace assessor courses.

If this project is representative of other professional development projects, it would appear that funding is being used to provide free training programs to trainers in industries which have structured programs running.

Questions that arise from this approach include:

- If funding is not available, who will pay for assessors/trainers to be trained?
- Is the training system using the skills of these assessors/trainers?
- Are these assessors using their skills for informal training and thereby improving the traditional type of on-job training that has always occurred?
- Are more small businesses being attracted to put their people through accredited training now?
- Given the few small businesses that admit to spending money on training (18 per cent according to the latest ABS figures), where are all these assessors and trainers using their skills—are they using them for informal training?

Mentoring

The ESFC (1994a) report focusses on the skills, attributes and conditions needed for small business to grow and flourish. With regard to skill development, the report notes that there is a diverse range of advisory, networking, training and educational services available to small businesses and that much of this service provision is a training function or advice related to a training function. The authors of the report note that there is a need to focus on linkages between performance, strategic planning, business advice and training. This observation is further strengthened by reference to the observation that mentoring arrangements:

> *whereby experienced business people provide advice to those starting a small business or to owner/managers of existing businesses who are experiencing difficulties are widely regarded as a fast and effective way to assist small business operators to quickly build up their business and management skills.* (ESFC 1994a, p. xvi)

More recently, Catts (1996) reports that workplace training must utilise mentoring and support the one-to-one practice of skills in workplace settings. Mentors play an integral role in maintaining the efficiency, and therefore the credibility, of workplace training.

Given that small business has stated its need for training that is delivered one-on-one, research focussing on mentoring is starting to emerge. Chapman (1996) undertook an ANTA-funded project to investigate whether the mentoring mode of flexible delivery and learning was an appropriate, effective and efficient form for workers at ASF levels 1-3. The Engineering Production Certificate–Flexible Delivery project was designed for learners to work through an off-the-job training program away from a TAFE campus and with the assistance of the workplace. TAFE personnel assisted people in the workplace and acted as their mentors. As a result of this project, it was recommended that the model of mentored learning be considered by training providers and enterprises for learners at ASF levels 1–3, particularly for modules with a high practical component. It was further recommended that a professional development and training package be developed for staff of training providers who plan to use this model of delivery.

Another project which piloted mentoring arrangements between women who own and run small businesses (State Regional Development NSW 1996) was

highly successful in achieving targets such as increasing turnover, employment of staff, and growth of the business.

Training providers who seek to meet the vocational education and training needs of small business can learn from other providers who share their experiences and observations as a result of providing training to small business. For this reason, case study reports are valuable since they document approaches taken, successful aspects and areas for improvement.

The Better Business Centre (1996) undertook an ANTA-funded research project to identify examples of best practice training to small business. In this study, training provision was rated according to three criteria: how it matched the content and delivery of skills development programs with the needs of small business operators; how the program was marketed and promoted to the target group; and how the program stimulated demand for skills development in small enterprises. In the seven case studies undertaken, the researchers noted that 'in many quarters both providers and users do not value accredited, assessable programs' (p. ii). They ask: how are training providers to cater for those small business clients who are content accessing training that falls outside the scope of accreditation and how is small business to be encouraged to convert to competency-based, modular training?

The researchers found the following elements to be good practice and successful:

- providing short modules repeated at frequent intervals
- including introductory seminars and non-accredited programs in building a desire for further training
- having credible presenters
- responding immediately if program is to be relevant
- providing technical and managerial training concurrently
- arranging for mentoring and follow-up to ensure skill transfer
- establishing cohesive groups and self-support structures for clients
- understanding the target group and catering to their unique requirements

Further research

Coopers and Lybrand (in the Karpin report, 1995) note that there is limited public information on the effectiveness of small business training programs or on the frequency, form and outcomes of any course evaluations. Research seems to concentrate on training needs and preferred forms of training, rather than quality and outcomes. The following research priorities have already been identified:

- an assessment of the effectiveness of different delivery methods for training employees in small business: Callus (1994)
- the effectiveness of workplace-based training: Sweet (1994), Linke (1994)
- factors which contribute to the successful implementation of such a policy direction: Sweet (1994), Linke (1994)
- does workplace-based training provide cost effective and accessible training: Baker and Wooden (1995)
- identifying cost benefits and cost distribution for mentored mode of flexible delivery: Chapman (1996)

With regard to the matter of training and professional development of supervisors and skilled workers who train others in small business:

- How many supervisors in small business have done workplace trainer and/or assessor training?
- Are there alternative models for gaining workplace trainer and assessor skills that would better suit small business?
- What quality assurance systems are applicable to small business training?

Equity

THE ANTA SMALL Business Training Policy Framework states:

> *Small business training requirements will address the needs and requirements of all Australians operating and working in small business, taking into account the special needs of a diverse and multi-cultural society.* (ANTA 1996, p. 8)

Gallagher (1991) states that more evidence needs to be collected on the composition of the small business workforce. He points out:

> *to the extent that it is disproportionately composed of disadvantaged workers, policy initiatives directed at increasing skills and productivity within small business may have an important role to play in achieving social justice objectives.* (Gallagher 1991, p. 7)

With regard to equity, the research conducted throughout the 1990s in small business and vocational education and training has concentrated on women in small business, and small business employment and skills in the rural sector. There has also been a major study commissioned on ethnic small business and one on small business and people with a disability. However, there does not appear to be a major study on the small business needs of Aboriginal and Torres Strait Islander people. Stocktake reports have been commissioned on the VET needs of people with a disability and the Aboriginal and Island population and therefore no review of this type of research is included in this report.

Women and small business training

The Employment and Skills Formation Council (1994b) notes that the rate of small business ownership by women is growing at about twice the rate of men and evidence suggests that the survival rate of small businesses operated by women is higher than that for men. The ESFC report focusses on the needs of women, drawing attention to the lack of appropriate and suitable training for women in small business. It also highlights the importance of adequate, affordable childcare for women who set up businesses at home. This report distinguishes the training needs of two other groups of women: women

employees in small business who are traditionally employed less than fulltime and have limited access to training; and women who have home-based businesses: these women can be isolated and family commitments make time management difficult. Most women in small business are employees and do not receive much in the way of formal training since small firms provide so little of it. After-hours training between 4 pm and 7 pm is not an option for many women since this is the time when family commitments are paramount. Research conducted by the Tasmanian Women's Consultative Council (1996) reveals that while some women did not feel they needed training, those that did stated they could not do it because courses were neither relevant nor accessible.

Still (1994) distinguishes a number of forms that small business ownership can take for women: self-employment, micro-business (employing up to five employees) and small enterprise (employing up to 20 employees). Still also identifies two factors which motivate women small business operators. The first is working in their own businesses for the principal purpose of furthering personal goals, which she terms 'satisficer'. The second motivating factor is working in their own businesses for the principal purpose of profit and growth, which Still terms 'entrepreneur' or 'expansionist'. Generally, the 'satisficers' do not want to grow and want to remain solo-operators. Still states that research needs to be undertaken to find out how to turn the satisficers into expansionists who will, in turn, employ others. Still shows that research into small business women tends to concentrate on the new entrant and does not consider in any depth the needs of the longer-term survivors.

Still states that most women small business operators are graduates and that a number of studies have established that women possess little confidence about their financial, marketing and sales skills. She also reveals that women want sound practical advice rather than theoretical courses, that they have families and can rarely afford the time away from business and family. In addition, women favour coaches or advisors who will visit the business and help them with day-to-day operational and longer-term strategic needs. Still notes that one of the dilemmas yet to be resolved is 'how to provide appropriate training in an appropriate form, given that the majority of this sector is self-employed, isolated and works long hours'.

The report mentions the need for support networks, development of computer-based resources, training that is supplemented by telephone and

advisory support, using networks of small business and women's groups, and learning in pairs or small groups. Networks and mentoring are seen as effective and valuable sources of business and advice and training. This theme is repeated in the survey conducted by Roffey et al. (1996) and mentoring programs for women have been trialled (State and Regional Development 1996).

The Department of Industry, Science and Technology (Roffey et al. 1996) conducted a literature review to clarify the nature and extent of existing research on women in small business. This included a review of research on the use of training and business assistance programs. The review found that:

- the use of government services by women was generally low
- the use of independent sources of assistance by women was generally higher
- the most frequently used independent sources of advice were accountants and then lawyers, bank loan officers and tax specialists
- the most frequently used independent non-professional sources of assistance were family, friends and colleagues and not business associations
- the areas of business advice and training most often undertaken or needed by women were financial management, marketing, promotion and confidence building

The Outer Eastern College of TAFE (1993) also identified financial management, business planning, organisational and marketing skills and personal and interpersonal skills as training needs of women in home-based self-employment and small business. A similar range of training needs was identified by Wilson (1994) for women in the transport industry.

With regard to networks, Roffey et al. (1996) state that the business woman most likely to belong to a network would be Australian born with post-secondary education and a business in community services, manufacturing and finance or property and business services. In addition, she would be home-based with no employees and would have owned a firm for under 10 years, with a turnover of less than $100 000. This review notes the findings of some research stating networks were 'sources of support, but not credibility' (p. 25) which brings attention to the fact that networks serve different purposes.

One piece of research that focussed on encouraging small business to consider accredited training is the work of Barrera and Robertson (1996), who identified gaps in skills and knowledge of small business women which may influence their decision to take on a trainee. As a result of this research, Barrera and Robertson designed and piloted a training course to address the skill and knowledge gaps.

VET and the rural sector

As part of its research on small business employment and skills the ESFC (1994) published a special report on the rural industry. It states that the major priorities for skills development are the need to develop quality management and the need to emphasise the use of information technology both as a management tool and as a tool for learning. The council put forward specific recommendations with regard to information technology, including that it be an integral part of farm management courses. The council also recommends that the rural industry training boards be allocated funds so they can formulate a strategic plan to develop and diffuse interactive multimedia means for training people working in the rural industries.

The council makes it clear that middle management and technical training will be required by a greater proportion of the rural workforce and these will be achieved increasingly by qualifications. The agriculture and horticulture industries' State training profiles should reveal the extent to which the rural workforce is achieving qualifications. They should also show to what extent information technology is being used by management and in delivery of training. Given the apparently small amount of further research undertaken, it may be timely to evaluate the extent to which these recommendations have been achieved. It would also be useful to look at the uptake of formal training since the development of competency standards, traineeships, RPL procedures and other initiatives associated with training reform.

McInnes and Stanger (1996) undertook a pilot study on women in three rural regions of South Australia. The study concentrates on the contribution of women to businesses where they are in marriage or de-facto relationships with the co-owner and women's experience as independent operators. With regard to training, McInness and Stanger identify the extent of business-related training undertaken by owners, the areas of business management training and the preferred structure, duration and timing of such training.

The recommendations made in the report echo the earlier ESFC report, in that they stress the importance of management training and availability of management training modules. The report also recommends that the government encourage TAFE, universities and other providers to develop business management training modules or kits that allow flexible, home-based self-paced learning with the potential for workshops in regional centres. Finally it encourages increased co-ordination between providers of business management training.

One further project relevant to the rural industry is a Queensland Vocational Education and Training Research Institute (VETRI) project 'Delivery of VET to small to medium enterprises in regional and isolated communities', which is soon to be published.

VET and non-English-speaking small business owners

TAFE NSW Multicultural Unit and University of Technology Sydney (1996) have collaborated on a research project 'Training for ethnic small business'. The project aimed to increase the understanding of VET issues in the small business sector and to generate policy recommendations designed to increase the participation rates of small business people from non-English-speaking backgrounds (NESB).

The authors constructed a national profile of small business operators in terms of ethnicity, industry, distribution, gender, current skill levels and gaps, experience of and attitude to training and current level of participation in VET.

This study found that:

- One half of all small business in Australia could be described as ethnic small business—owned and operated by first or second generation immigrants.
- Female-owned and operated small business is growing at a faster rate than other small business in Australia.
- Spouse and broader family play a more critical role in ethnic small business than in other small businesses.

- The proportion of workers in small business without a high school education is higher among NESB workers than among workers with an English-speaking background.
- More than one quarter of NESB workers in small business do not speak English well, according to their own assessment.
- NESB entrepreneurs are more likely to have post-secondary or tertiary qualifications than English-speaking-background workers, but less likely to have trade qualifications.
- English-language proficiency is a barrier to participation in VET training for some NESB small business operators.
- The low level of on- and off-the-job training for NESB workers in small business is similar to workers from English-speaking backgrounds. However, NESB workers are less likely to have participated in any off-the-job training and employers of NESB workers are less likely than employers of workers from English-speaking backgrounds to initiate off-the-job training for their staff.
- A significant proportion of NESB workers have training carried out in the workplace bilingually or in languages other than English.
- Ethnic small business has a very positive attitude about the importance of and need for VET: two-thirds to three-quarters of business owners from different ethnic groups agreed with the statement that 'training is critical to the success of small business'.
- The greatest areas of demand for VET for small business owners and managers are in areas of management education—including personal, financial and marketing management—computing, business culture, law and administration.
- Three major areas of training identified by NESB workers were computing, English language and communication skills and industry-specific technical skills.
- Ten per cent of NESB workers are without a high school education.
- Like English-speaking staff, major constraints include time to release staff for training and its cost.
- Other major constraints facing NESB workers in accessing training were employer's attitude, family obligations, English language proficiency and lack of information.

- Lack of critical mass of workers in individual small business suggests the need to offer workplace training in other than a traditional face-to-face model.
- NESB workers are more interested in having their training delivered off the job than workers from English-speaking backgrounds. TAFE is the favoured provider for off-the-job training.

VET and the needs of people with a disability in small business

ESFC (1994c) prepared a report on employment in small business for people with a disability and put forward recommendations aimed at enhancing and creating small business employment opportunities for people with a disability. The council makes the point that since small business is making an increasing contribution to overall employment growth, it is important that people with a disability share in that growth. The recommendations in this report centre around making changes to the funding and administrative arrangements in various government departments. This will ensure that people with a disability who are interested in self-employment or employment in small business are not disadvantaged and have the support and assistance they need to apply for a job. It is also recommended that pilot programs be undertaken to examine the feasibility of providing a national program to provide work-based personal assistance to people with a disability.

There does not appear to be any further research on the small business training requirements of people with a disability.

Further research

With regard to the issue of how small business training is dealing with the issue of equity, some researchers have indicated further research is needed to:

- gather more data on training needs of ethnic minority women, rural women, non-professionally-educated business women, 'contributing' wives in family and non-family business (Roffey et al. 1996)
- investigate the need for training for women in business beyond the start-up phase of the business (Roffey et al. 1996)

- investigate the extent and form of training for part-time workers (Callus 1994)
- investigate the operation of home-based businesses in order to identify successful business and skilling strategies (ESFC 1994b)

There would also appear to be a need to investigate the needs of the self-employed and those in family employment and how to meet the need for training in small enterprises in regional areas. These areas tie in closely with research on delivery of training to small business.

There is little published research about the VET needs of people with a disability in small business and those of Aboriginal and Islander people in small businesses. This suggests that there is a gap, unless this has been covered adequately in more general reports on VET and the needs of these two groups of people.

Findings and directions for further research

THE BUREAU OF INDUSTRY ECONOMICS (1991a, p. 83) states: 'at least since the Wiltshire Inquiry in 1971, there has been concern about the provision and low levels of uptake of small business management training in Australia'.

Later on in this same report:

> *despite a number of major reports in the 1980s which pointed the way for effective reform, inadequate small business management skills are still perceived as a problem in 1991.* (BIE 1991a, p. 124)

Twenty-five years after the first inquiry and eight years after the BIE report, we are still concerned with the lack of management training and formal training for small business employees in Australia.

Since the early 1990s, research in small business and vocational education and training has led to recommendations regarding the need for more training, the need to target training, the need to make training accessible and the need for the training industry to be more market oriented. This point regarding the need for market orientation is the dominant theme that emerges through most of the research. However, it is unclear how many of these recommendations are ever acted upon: there is no follow-up to report on whether they were implemented. As a result, many reports repeat or confirm the findings of earlier studies. Many of the reports also draw attention to areas for further research.

The main research activities in small business and vocational education and training in the period 1990–97 focussed on recognising that small business had special needs, identifying these and identifying how to meet these needs. Research activity also focussed on small business management training, effective methods of delivery and presenter attributes that are desirable when training small business. Having established what needs to be done, research

activity should be directed at evaluating the extent to which research recommendations have been implemented:

- Are these needs being met—do training programs for small business have the characteristics which the research is saying small business wants?
- What innovative delivery strategies are providers using and are these leading to an increased uptake of training?
- Is the VET system catering to all groups of people within small business (employees and self-employed as well as managers) in enterprises that are new, established and seeking out new markets?
- Are small businesses expanding, creating jobs and entering into exporting as hoped?

There are many potential areas of research but which ones will contribute significantly to the basic outcome desired by government—namely, that small business adopt a training culture, participate in accredited training, develop, expand and take on an employee? The fact remains, that despite the attention given to small business training issues, only 18 per cent of small business employers according to the ABS (1995) report some training expenditure.

There also appears to be a circular argument pursued in some of the research: is the problem the fact that small business does not have an established culture of training and therefore the benefits of training need to be promoted before there will be an uptake of training? Or is the problem related to the fact that training reform has focussed on large company needs and therefore must change the way it operates to meet those of small business? Such changes include looking at ways of mentoring, coaching, promoting non-accredited training and alternative ways to make training attractive to small business, and building on the learning that is taking place in that sector.

Field (1997) notes that very little of the learning that occurs in small business results from structured learning. In most Australian VET research efforts, either training and learning are treated as synonymous or there is an implication that for learning to be legitimate it has to be structured and delivered.

As initiatives such as flexible delivery and user choice are further developed, the VET sector will find out how well the market can cater for the training needs of small business. An important focus of evaluation of such programs

will be to find out how effective these are in terms of the actual skills and knowledge acquired, the use of the newly acquired skills and knowledge and the return on investment obtained from training. With this information, the training system will be better equipped to promote the benefit of training and produce a training product/service that meets the needs of small business.

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This review of research on vocational education and training is one of a series of reports commissioned to guide the development of future national research and evaluation priorities.

Jennifer Gibb has reviewed the issues of training for small business in Australia in the past six years. She draws conclusions relevant to vocational education and training policy and identifies areas for further investigation.